

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58114

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1

Spokane County, Washington

January 1, 1995 Through December 31, 1995

Issue Date: March 21, 1997

TABLE OF CONTENTS

	Page
Management Section	
<hr/>	
Independent Auditor's Report On Compliance With State Laws And Regulations . .	M-1
Financial Section	
<hr/>	
Independent Auditor's Report On Financial Statements	F-1
Financial Statements:	
Schedule Of Cash Activity - 1995	F-2
Schedule Of Investments - 1995	F-3
Notes To Financial Statements	F-4
Addendum	
<hr/>	
Directory Of Officials	A-1

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1
Spokane County, Washington
January 1, 1995 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Board of Commissioners
Spokane County Fire Protection District No. 1
Spokane, Washington

We have audited the financial statements, as listed in the table of contents, of Spokane County Fire Protection District No. 1, Spokane County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated January 17, 1997.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the district complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the district's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the district and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the district complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the board of commissioners and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag, CGFM
State Auditor

January 17, 1997

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1
Spokane County, Washington
January 1, 1995 Through December 31, 1995

Independent Auditor's Report On Financial Statements

Board of Commissioners
Spokane County Fire Protection District No. 1
Spokane, Washington

We have audited the Schedule of Cash Activity and Schedule of Investments of the various funds of Spokane County Fire Protection District No. 1, Spokane County, Washington, for the fiscal year ended December 31, 1995. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, Spokane County prepares financial statements on behalf of the district on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effect, if any, of the matters discussed in the preceding paragraph, and except that omitted disclosures might influence a user's conclusions about the district's transactions, the accompanying financial statements present fairly the cash and investment transactions of the funds of Spokane County Fire Protection District No. 1 for the fiscal year ended December 31, 1995, on the prescribed basis of accounting.

Brian Sonntag, CGFM
State Auditor

January 17, 1997

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1995

OPERATION OF CASH-IN

Fund Number	Description	Beginning Balance	Receipts	Investment Sales	Transfers-In	Total Available
F01	Expense	\$1,744,298.80	\$135,599.54	\$-0-	\$9,309,940.44	\$11,189,838.78
F02	Pension	938,062.09	164,254.87	-0-	788,322.34	1,890,639.30

OPERATION OF CASH-OUT

Investments Purchased	Transfers Out To Claims/Payroll	Other Transfers Out	Disbursements	Total Used	Ending Balance
\$-0-	\$8,295,132.09	\$807,898.05	\$-0-	\$9,103,030.14	\$2,086,808.64
-0-	557,873.64	120,000.00	-0-	677,873.64	1,212,765.66

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1
Schedule Of Investments
For The Fiscal Year Ended December 31, 1995

Fund Number	Description	Beginning Investment Balance 1/1/95	Acquired	Liquidated	Ending Investment Balance 12/31/95
F02	Pension	\$20,420.07	\$-0-	\$-0-	\$20,420.07

SPOKANE COUNTY FIRE PROTECTION DISTRICT NO. 1
Notes To Financial Statements
January 1, 1995 Through December 31, 1995

The following notes are an integral part of the financial statements.

Note 1) Summary Of Significant Accounting Policies

The accounting policies of Spokane County Fire Protection District No. 1 conform to the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor. The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles:

a. Basis Of Presentation) Fund Accounting

The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The district uses governmental funds and fiduciary funds. The governmental fund and fiduciary fund are accounted for by the county. The county prepares the following financial statements for the district:

- (1) Schedule of Cash Activity.
- (2) Schedule of Investments.

The following are the fund types used by the district:

GOVERNMENTAL FUND TYPE:

Current Expense Fund

This fund is used to account for all financial resources and transactions of the district not required to be accounted for in another fund.

FIDUCIARY FUND TYPE:

Trust Fund

This fund is used to account for cash and other assets received and held by the district acting in the capacity of trustee or custodian.

b. Basis Of Accounting

Accounting records for the district are maintained in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The county uses the revenue and expenditure classifications contained in the BARS manual prescribed by the State Auditor.

- (1) Revenues are recognized when received in cash, rather than when measurable and available, and expenditures are recognized when warrants are issued, rather than when the expenditures are incurred.
- (2) Purchases of fixed assets are expensed during the year acquired. No general fixed assets accounts groups are established.
- (3) Inventories and prepaid items are reported as expenditures when purchased.
- (4) Accumulated unpaid vacation, sick pay, and other employee benefits are considered expenditures when paid.

Note 2) Investments

As required by state law, the county is the financial agent of the district and custodian of the cash and investments of the Current Expense Fund. The pension board has appointed the Spokane County Treasurer custodian of the cash and investments of the Pension Fund.

As required by state law, all investments of the district's Current Expense Fund are obligations of the U.S. Government, or deposits with Washington State banks and savings and loan institutions. Investments of the Pension Fund are not subject to the preceding limitations.

The district's investments are either insured, registered or held by the county or its agent in the district's name.

<u>Current Expense Fund</u>	<u>Cost</u>
Local Government Investment Pool	<u>\$2,086,809</u>
Total Investments	<u>\$2,086,809</u>
 <u>Pension Fund</u>	
Local Government Investment Pool	\$1,212,766
Utility bonds	<u>20,420.07</u>
Total Investments	<u>\$1,233,186</u>

Note 3) Pension Plans

Substantially all district full-time employees participate in the statewide local government retirement system administered by the Department of Retirement Systems, under 2 major cost-sharing multiple employer public employee retirement systems. In addition, firemen with service prior to October 1997 are eligible for benefits from the district's Firemen's Pension Retirement System.

a. Public Employee's Retirement System (PERS)

PERS is a contributory multi-employer retirement system managed by the state of Washington through the Department of Retirement Systems.

The district has three employees participating in this retirement system. The district's contribution in 1994 represents its full liability under the system.

b. Law Enforcement Officers And Fire Fighters (LEOFF)

The LEOFF system is a contributory multi-employer cost-sharing system operated by the state of Washington through the Department of Retirement Systems for all uniformed law officers and fire fighters. Approximately 117 district employees are participating in this retirement system.

Contributions to the system for both employee and employer are based on gross wages.

c. Firemen's Pension Retirement Fund

the district is the administrator of the firemen's Pension Retirement System. This system is a closed system in that membership is limited to firemen employed prior to October 1, 1977. The system is shown as a trust fund in the financial reports of the district. The district's liability under the system is composed of all benefits for firemen retired prior to March 1, 1970, partial benefits for certain firemen retired after March 1, 1970, who are mainly covered by LEOFF, and certain medical benefits for all LEOFF I firefighters.

As of January 1, 1995, there were a total of 96 individuals covered by this plan, of which 42 were currently still employed and 54 were drawing benefits. In total, 96 individuals were eligible for certain medical benefits.

Note 4) Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually.

Taxes are levied on January 1 on property value listed as of the prior May 31. Assessed values are established by the county assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the appropriate district by the county treasurer.

The district is permitted by law to levy up to \$1.50 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons:

- a. The *Constitution of the State of Washington* limits the total regular property taxes to 1 percent of true and fair value or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.
- b. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 6 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 6 percent due to revaluation, the levy rate will be decreased.
- c. The district may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations.

For 1995, the district's regular tax levy was 1.186 per \$1,000 on a total assessed valuation of \$3,602,738,800 for a regular tax levy of \$4,273,498. Additionally, the district's special levy totaled \$5,032,500.

Note 5) Deferred Compensation Plan

District employees have the option of participating in an IRC, Section 457, Deferred Compensation Plan administered by the district, a state retirement system, or another governmental entity. The district retains a right of legal access to the plan assets (valued at market value) until paid or made available to the employees, subject only to the claims of the district's general creditor.

As of December 31, 1995, the plan assets were \$2,404,785.